

REGISTERED NUMBER: 01610309 (England and Wales)

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**  
**FOR**  
**ACTION-SEALTITE LIMITED**



James Cowper Kreston  
Chartered Accountants  
and Statutory Auditor  
2 Chawley Park  
Cumnor Hill  
Oxford  
Oxfordshire  
OX2 9GG

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**ACTION-SEALTITE LIMITED**

**COMPANY INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**DIRECTORS:**

P Robinson  
G J Morrell  
C P Coutts-Trotter (appointed 30 June 2017)  
S R Weeks (resigned 29 June 2017)

**REGISTERED OFFICE:**

2 Chawley Park  
Cumnor Hill  
Oxford  
Oxfordshire  
OX2 9GG

**BUSINESS ADDRESS:**

Unit 14  
Moorbrook  
Southmead Industrial Park  
Didcot  
Oxfordshire  
OX11 7HP

**REGISTERED NUMBER:**

01610309 (England and Wales)

**AUDITORS:**

James Cowper Kreston  
Chartered Accountants  
and Statutory Auditor  
2 Chawley Park  
Cumnor Hill  
Oxford  
Oxfordshire  
OX2 9GG

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**STATEMENT OF FINANCIAL POSITION**


**31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	4,030	8,399
Investments	8	9	9
Trade and other receivables	10	-	13,548
		<u>4,039</u>	<u>21,956</u>
<b>CURRENT ASSETS</b>			
Inventories	9	744,256	797,157
Trade and other receivables	10	815,332	949,646
Cash and cash equivalents	11	<u>470,208</u>	<u>212,870</u>
		<u>2,029,796</u>	<u>1,959,673</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	522,243	708,959
Tax payable		<u>36,240</u>	<u>32,947</u>
		<u>558,483</u>	<u>741,906</u>
<b>NET CURRENT ASSETS</b>		<u>1,471,313</u>	<u>1,217,767</u>
<b>NET ASSETS</b>		<u>1,475,352</u>	<u>1,239,723</u>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	1,000	1,000
Share premium		14,850	14,850
Capital contribution		150	150
Retained earnings		<u>1,459,352</u>	<u>1,223,723</u>
<b>TOTAL EQUITY</b>		<u>1,475,352</u>	<u>1,239,723</u>

The financial statements have been prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 (5) of the Companies Act 2006 the financial statements delivered to the Registrar of Companies do not include a Directors' Report and Statement of Profit or Loss and Other Comprehensive Income.

The financial statements were approved by the Board of Directors on 29/3/18 and were signed on its behalf by:

  
P Robinson - Director

The notes form part of these financial statements.

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Share premium £	Capital contribution £	Total equity £
<b>Balance at 1 January 2016</b>	1,000	1,428,701	14,850	150	1,444,701
<b>Changes in equity</b>					
Dividends	-	(600,000)	-	-	(600,000)
Total comprehensive income	-	395,022	-	-	395,022
<b>Balance at 31 December 2016</b>	<u>-1,000</u>	<u>1,223,723</u>	<u>14,850</u>	<u>150</u>	<u>1,239,723</u>
<b>Changes in equity</b>					
Dividends	-	(500,000)	-	-	(500,000)
Total comprehensive income	-	735,629	-	-	735,629
<b>Balance at 31 December 2017</b>	<u>1,000</u>	<u>1,459,352</u>	<u>14,850</u>	<u>150</u>	<u>1,475,352</u>

The notes form part of these financial statements.

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

		2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	500,055	284,932
Interest paid		(310)	(992)
Tax paid		<u>(83,345)</u>	<u>(44,908)</u>
Net cash from operating activities		<u>416,400</u>	<u>239,032</u>
 <b>Cash flows from investing activities</b>			
Sale of fixed asset investments		-	200,000
Purchase of property, plant and equipment		(1,345)	-
Dividends received		<u>359,900</u>	<u>144,500</u>
Net cash from investing activities		<u>358,555</u>	<u>344,500</u>
 <b>Cash flows from financing activities</b>			
Amount introduced by directors		-	11,054
Movement on group debt		(17,617)	66,611
Share purchase loan		-	(66,673)
Equity dividends paid		<u>(500,000)</u>	<u>(600,000)</u>
Net cash from financing activities		<u>(517,617)</u>	<u>(589,008)</u>
 <b>Increase/(Decrease) in cash and cash equivalents</b>		<u>257,338</u>	<u>(5,476)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>212,870</u>	<u>218,346</u>
 <b>Cash and cash equivalents at end of year</b>	2	<u><u>470,208</u></u>	<u><u>212,870</u></u>

The notes form part of these financial statements.

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	2017 £	2016 £
Profit before income tax	822,267	469,378
Depreciation charges	5,714	12,349
Finance costs	310	992
Finance income	(359,900)	(144,500)
	468,391	338,219
(Increase)/decrease in inventories	52,901	(21,499)
(Increase)/decrease in trade and other receivables	147,862	(139,373)
Increase/(decrease) in trade and other payables	(169,099)	107,585
<b>Cash generated from operations</b>	<b><u>500,055</u></b>	<b><u>284,932</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2017**

	31.12.17 £	1.1.17 £
Cash and cash equivalents	<u>470,208</u>	<u>212,870</u>

**Year ended 31 December 2016**

	31.12.16 £	1.1.16 £
Cash and cash equivalents	<u>212,870</u>	<u>218,346</u>

The notes form part of these financial statements.

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES**

**Corporate information**

Action-Sealtite Limited is a private limited company incorporated and domiciled in the United Kingdom. The address of the registered office is given on page 1. The principal activity of the Company in the year under review was that of the distribution and manufacture of industrial hose couplings and ancillary goods.

**Implementation of new accounting standards**

With effect from 1 January 2017, Action-Sealtite Limited has implemented, where applicable, Amendments to IAS 7 - 'Disclosure Initiative', Amendments to IAS 12 - 'Recognition of Deferred Tax Assets for Unrealised Losses' and Annual Improvements to International Financial Reporting Standards 2014-2016 Cycle.

These revisions had no material impact on the current period or the prior period.

**Basis of preparation**

These financial statements have been prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

At the date of approval of these financial statements the following standards, amendments to existing standards and interpretations which are in issue but not yet effective have not been applied in these financial statements:

IFRS 9 'Financial Instruments'

IFRS 15 'Revenue from contracts with customers'

IFRS 16 'Leases'

Amendments to IAS 12 – 'Recognition of Deferred Tax Assets for Unrealised Losses'

Amendments to IFRS 4 - 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'

Clarifications to IFRS 15 'Revenue from Contracts with Customers'

In addition, the following standards, amendments to existing standards and interpretations are in issue but have not yet been endorsed by the EU:

IFRS 14 'Regulatory deferral accounts'

IFRS 17 'Insurance Contracts'

IFRIC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'

Amendments to IAS 9 - 'Plan Amendment, Curtailment or Settlement'

Amendments to IAS 28 - 'Long-term Interests in Associates and Joint Ventures'

Amendments to IAS 40 - 'Transfers of investment property'

Amendments to IFRS 2 - 'Classification and measurement of share-based payment transactions'

Amendments to IFRS 9 - 'Prepayment Features with Negative Compensation'

Amendments to IFRS 10 and IAS 28 - 'Sale of contribution of assets between an investor and its associate or joint venture'

Annual Improvements to International Financial Reporting Standards 2015-2017 Cycle

The directors anticipate that, except for IFRS 16 'Leases', these standards or interpretations will either not be applicable to the Company or that adoption in future periods will have no material impact on the financial statements of the Company. IFRS 16 is not expected to be effective for this company until at least 31 December 2019.



**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES - continued**

Whereas minimum lease commitments for non-cancellable operating leases are not capitalised under existing International Financial Reporting Standards and IFRIC Interpretations, if IFRS 16 is endorsed by the EU as drafted, the Statement of Financial Position for future periods will be adjusted to include additional assets for land and buildings and motor vehicles within property, plant and equipment and to include liabilities for an equal amount within current and non-current liabilities in relation to ongoing lease commitments for these assets. There would be no expected impact on the retained income or on net assets as a result of the implementation of IFRS 16. The minimum lease commitments for non-cancellable operating leases as at 31 December 2017 are disclosed in the notes to these financial statements.

In accordance with s444(5) of the Companies Act 2006 the financial statements prepared for delivery to the Registrar of Companies do not include an income statement or directors' report as the Company qualifies as a small company.

**Preparation of consolidated financial statements**

The financial statements contain information about Action-Sealtite Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 and IAS 27 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Flowmax Limited, a company registered in England and Wales.

Flowmax Limited prepares consolidated financial statements in accordance with International Financial Reporting Standards. Copies are available to the public and may be obtained from the Registrar of Companies.

**Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**Revenue recognition**

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably estimated.

Revenue represents amounts receivable for goods net of VAT and trade discounts. Revenue is derived from the sale of goods.

**Property, plant and equipment**

Property, plant and equipment is reflected at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided at the following annual rates in order to write off the depreciable amount of each asset over its estimated useful life.

Fixtures and fittings	- 20% on cost
Computer equipment	- 33.3% on cost
Plant & machinery	- 20% on cost

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES - continued**

**Financial instruments**

The Company uses certain financial instruments in its normal operating and investing activities, which are deemed appropriate to its circumstances, such as trade receivables and trade payables, cash at bank deposits and bank overdrafts, loans and equity shares and forward foreign exchange contracts. Financial assets and liabilities are recognised on the Company's Statement of Financial Position when the Company has become a party to the contractual provisions of the instrument.

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Financial assets**

In accordance with IFRS 7, trade receivables, loans and other receivables that have fixed or determinable payments are classified as 'Loans and receivables' and are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Financial assets are assessed for impairment at each Statement of Financial Position date and any impairment recognised in the profit or loss for the year in the statement of comprehensive income. Trade receivables are assessed for collectability and where appropriate the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the profit or loss for the year in the Statement of Comprehensive Income.

**Debt and equity instruments issued by the Company**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Financial liabilities**

In accordance with IFRS 7 financial liabilities such as trade payables and loans are classified as 'Other financial liabilities' and are measured initially at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, except for short term payables when the recognition of interest would be immaterial.

**Inventories**

Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and, where applicable, an appropriate proportion of fixed and variable overheads. Cost is calculated on a weighted average basis.

Net realisable value represents the estimated selling price less all estimated costs of completion, marketing, selling and distribution.

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the Statement of Financial Position date.

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES – continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase or finance leases, where the Company has substantially all the risks and rewards of ownership, are capitalised in the Statement of Financial Position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or lease term, whichever is shorter.

The interest element of these obligations is charged to the statement of comprehensive income over the relevant period. The capital element of the future payments is treated as a liability.

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

**Employee benefit costs**

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

**Deferred tax**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

**Critical accounting estimates and areas of judgement**

The Company makes estimates and assumptions concerning the future, and judgements in applying the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the actual results. There were no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

**Provision for doubtful debts**

Management provides for doubtful debts on the perceived risk profile and payment history of the debtor.

**Provision for slow moving, damaged and obsolete inventory**

There is a provision to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. EMPLOYEES AND DIRECTORS**

The average number of employees, including directors, during the year comprised

	2017 £	2016 £
Sales and administration	14	14
Director	<u>1</u>	<u>1</u>
	<u>15</u>	<u>15</u>

	2017 £	2016 £
Wages and salaries	432,191	471,839
Social security costs	44,653	49,208
Other pension costs	<u>13,064</u>	<u>10,101</u>
	<u>489,908</u>	<u>531,148</u>

	2017 £	2016 £
Directors' remuneration	97,860	73,464
Directors' pension contributions to money purchase schemes	<u>1,818</u>	<u>2,240</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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**3. NET FINANCE INCOME**

	2017 £	2016 £
Finance income:		
Dividends from shares in group undertakings	<u>359,900</u>	<u>144,500</u>
	<u>359,900</u>	<u>144,500</u>
Finance costs:		
Bank interest	<u>310</u>	<u>992</u>
Net finance income	<u>359,590</u>	<u>143,508</u>

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**4. PROFIT BEFORE INCOME TAX**

The profit before income tax is stated after charging/(crediting):

	2017 £	2016 £
Cost of inventories recognised as expense	2,610,732	2,244,900
Other operating leases	10,948	18,469
Depreciation - owned assets	5,714	12,349
Auditors' remuneration	10,400	7,000
Foreign exchange (profit)/loss	3,540	(2,401)
Cost of inventories written off in the year	39,058	17,506
Other operating leases - rent	<u>90,513</u>	<u>90,000</u>

**5. INCOME TAX**

**Analysis of tax expense**

	2017 £	2016 £
Current tax:		
Taxation	<u>86,638</u>	<u>74,356</u>
Total tax expense in Statement of Profit or Loss and Other Comprehensive Income	<u>86,638</u>	<u>74,356</u>

**Factors affecting the tax expense**

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before income tax	<u>822,267</u>	<u>469,378</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	158,286	93,876
Effects of:		
Capital allowances in excess of depreciation	-	1,725
Disallowable costs	687	1,404
Change in tax rate	30	-
Deferred tax not recognised	(1,456)	-
Exempt dividend income	(69,268)	(28,900)
Other differences	<u>(1,641)</u>	<u>6,251</u>
Tax expense	<u>86,638</u>	<u>74,356</u>

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**6. DIVIDENDS**

	2017 £	2016 £
Interim	<u>500,000</u>	<u>600,000</u>

For the year ended 31 December 2017, the following dividends were paid:

Dividends of £150 per ordinary share were paid in April 2017;

Dividends of £210 per ordinary share were paid in August 2017.

Dividends of £140 per ordinary share were paid in November 2017.

For the year ended 31 December 2016, the following dividends were paid:

Dividends of £200 per ordinary share were paid in April 2016;

Dividends of £240 per ordinary share were paid in August 2016.

Dividends of £160 per ordinary share were paid in December 2016.

**7. PROPERTY, PLANT AND EQUIPMENT**

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2017	14,331	5,458	26,095	45,884
Additions	<u>-</u>	<u>-</u>	<u>1,345</u>	<u>1,345</u>
At 31 December 2017	<u>14,331</u>	<u>5,458</u>	<u>27,440</u>	<u>47,229</u>
<b>DEPRECIATION</b>				
At 1 January 2017	8,599	4,827	24,059	37,485
Charge for year	<u>3,164</u>	<u>289</u>	<u>2,261</u>	<u>5,714</u>
At 31 December 2017	<u>11,763</u>	<u>5,116</u>	<u>26,320</u>	<u>43,199</u>
<b>CARRYING AMOUNT</b>				
At 31 December 2017	<u>2,568</u>	<u>342</u>	<u>1,120</u>	<u>4,030</u>

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**7. PROPERTY, PLANT AND EQUIPMENT - continued**

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2016	<u>14,331</u>	<u>5,458</u>	<u>26,095</u>	<u>45,884</u>
At 31 December 2016	<u>14,331</u>	<u>5,458</u>	<u>26,095</u>	<u>45,884</u>
<b>DEPRECIATION</b>				
At 1 January 2016	5,732	4,183	15,221	25,136
Charge for year	<u>2,867</u>	<u>644</u>	<u>8,838</u>	<u>12,349</u>
At 31 December 2016	<u>8,599</u>	<u>4,827</u>	<u>24,059</u>	<u>37,485</u>
<b>CARRYING AMOUNT</b>				
At 31 December 2016	<u>5,732</u>	<u>631</u>	<u>2,036</u>	<u>8,399</u>

**8. INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2017 and 31 December 2017	<u>9</u>
<b>CARRYING AMOUNT</b>	
At 31 December 2017	<u>9</u>
	Shares in group undertakings £
<b>COST</b>	
At 1 January 2016	200,009
Disposals	<u>(200,000)</u>
At 31 December 2016	<u>9</u>
<b>CARRYING AMOUNT</b>	
At 31 December 2016	<u>9</u>

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**8. INVESTMENTS - continued**

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Biopharma Dynamics Limited**

Nature of business: Distributor of Bioprocess products and systems. A company incorporated in the UK and its principal place of business is Unit 14 Moorbrook, Southmead Industrial Park, Didcot, Oxfordshire, OX11 7HP.

Class of shares:	% holding		
Ordinary	80.00 (2016:85.00)		
		2017 £	2016 £
Aggregate capital and reserves		220,744	157,656
Profit for the year		<u>498,588</u>	<u>236,163</u>

In December 2017 Action-Sealtite Limited sold 5% of the issued share capital of Biopharma Dynamics Limited to J Brennan, a director of Biopharma Dynamics Limited as at that date.

**9. INVENTORIES**

	2017 £	2016 £
Inventories	<u>744,256</u>	<u>797,157</u>

Inventories above include a provision of £41,271 (2016: £75,000) for slow moving and obsolete stock.



**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**10. TRADE AND OTHER RECEIVABLES**

	2017 £	2016 £
Current:		
Trade receivables	628,781	693,032
Amounts due from related parties	-	89
Other receivables	53,590	150,802
VAT	72,000	71,481
Prepayments	<u>60,961</u>	<u>34,242</u>
	<u>815,332</u>	<u>949,646</u>
Non-current:		
Other receivables	-	13,548
	<u>-</u>	<u>13,548</u>
Aggregate amounts	<u>815,332</u>	<u>963,194</u>

**11. CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	38	36
Bank accounts	<u>470,170</u>	<u>212,834</u>
	<u>470,208</u>	<u>212,870</u>

**12. TRADE AND OTHER PAYABLES**

	2017 £	2016 £
Current:		
Trade payables	483,183	406,765
Amounts due to related parties	-	17,617
Social security and other taxes	21,535	19,586
Other payables	70	34,622
Accrued expenses	<u>17,455</u>	<u>230,369</u>
	<u>522,243</u>	<u>708,959</u>

**13. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017 £	2016 £
Within one year	55,208	110,612
Between one and five years	<u>3,214</u>	<u>55,220</u>
	<u>58,422</u>	<u>165,832</u>

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. FINANCIAL INSTRUMENTS**

**Financial assets - loans and receivables**

	2017 £	2016 £
Trade receivables	638,715	700,426
Allowance for doubtful debts	(9,934)	(7,394)
	<u>628,781</u>	<u>693,032</u>
Cash and cash equivalents	470,208	212,870
Other receivables	53,590	53,461
Amounts owed by group undertakings	-	89
Share sale loans	-	81,030
	<u>1,152,579</u>	<u>1,040,482</u>

**Movement in allowance for doubtful debts:**

	£	£
Balance at 1 January 2017	7,394	12,650
Amounts written off in year	-	(6,505)
Charge to income statement	<u>2,540</u>	<u>1,249</u>
Balance at 31 December 2017	<u>9,934</u>	<u>7,394</u>

The average credit period for sales of goods is 56 days. No interest is charged on overdue trade receivables. The Company has provided for certain trade receivables estimated irrecoverable amounts determined by reference to specific circumstances and past default experience.

Included in the Company's trade receivables are debtors with a carrying amount of £173,826 (2016: £164,835) which are past due at reporting date but for which the Company has not provided as there has not been a significant change in the credit quality and the Company still believes these amounts to be recoverable.

The ageing of amounts due but not impaired is as follows:

	2017 £	2016 £
1 month past due	124,331	144,982
2 months past due	46,680	16,902
3 months past due	<u>2,815</u>	<u>2,951</u>
	<u>173,826</u>	<u>164,835</u>

In determining the recoverability of trade receivables the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. FINANCIAL INSTRUMENTS - continued**

**Financial liabilities**

	2017 £	2016 £
Trade payables	483,183	406,765
Amounts due to related party	-	17,617
Other payables	70	34,622
Accrued expenses	17,455	230,369
	<u>501,708</u>	<u>689,373</u>

The average credit period on purchases of goods is 53 days. No interest is charged on trade payables.

The Company and Group of which it is a part have policies in place to ensure that trade payables are paid within the credit timeframe.

**Forward foreign exchange contracts**

It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The amounts of the outstanding forward foreign exchange contracts at 31 December 2017 were £266,469 (2016: £451,109).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next four months. Gains and losses on forward foreign exchange contracts as of 31 December 2017 are recognised in the income statement for the year.

**Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk); credit risk and liquidity risk. Risk management policy is set by the parent company Board of Directors in conjunction with the Company's management and seeks to minimise potential adverse effects on the Company's position.

**Liquidity risk**

The maturity profile and details of financial liabilities are set out in note 12 to the financial statements. The Company finances its operations partly through these borrowings. The Company generally borrows in £ sterling at market rates of interest. The liabilities are expected to be paid within six months except for tax payable which will be paid after more than six months but within 12 months.

Liquidity risk management includes maintaining sufficient cash and cash equivalents and an adequate amount of committed credit facilities, and management regularly monitor levels of cash, borrowing facilities and expected future cash flows.

**Credit risk**

Credit risk primarily arises from credit exposures to customers. Risk control assesses the credit quality of customers taking into account financial position, past experience and other factors. Credit limits are regularly reviewed. As set out above, the directors consider there is no material exposure to credit risk at balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**Foreign exchange risk**

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their foreign exchange risk exposure. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 December 2017 if the £ had weakened by 5% against the Euro, with all other variables held constant the pre tax profit would have been approximately £4,967 lower (2016: £4,421 lower) mainly as a result of foreign exchange losses on Euro denominated receivables and payables.

At 31 December 2017 if the £ had weakened by 5% against the US Dollar, with all other variables held constant the pre tax profit would have been approximately £1,370 higher (2016: £7,256 higher) mainly as a result of foreign exchange profit on US Dollar denominated receivables and payables.

**Foreign currency exposure at the end of the reporting period**

	2017 £	2016 £
<b>Current assets</b>		
Trade and other receivables USD	234	11
Trade and other receivables EUR	98,468	117,122
Cash and cash equivalents USD	108,223	2,441
Cash and cash equivalents EUR	16,068	72,595
<b>Current liabilities</b>		
Trade and other payables USD	135,860	147,509
Trade and other payables EUR	15,196	21,652

**Capital risk management**

The Group and Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure. Capital structure within the Group is monitored by reference to the gearing ratio calculated as net debt divided by total capital. Net debt is calculated as borrowings and trade and other payables less cash and cash equivalents. Total capital is calculated as equity (as shown in the balance sheet) plus net debt. During the year the Group's strategy was to maintain a gearing ratio in the range 25% to 50%.

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

**16. ULTIMATE PARENT COMPANY**

The Company is a subsidiary undertaking of Flowmax Limited, incorporated in England and Wales. The directors regard Flowmax Limited as the immediate parent company, and SA Bias Industries (Pty) Limited, a company registered in South Africa, as the ultimate parent company.

**17. CONTINGENT LIABILITIES**

The Company, its immediate parent and fellow subsidiaries are party to an omnibus guarantee and set-off agreement given to Lloyds Bank plc in respect of group overdraft facilities. The total level of indebtedness at the period end amounted to £nil (2016: £542,842).

**18. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

J Brennan, a director, received a loan from the Company in January 2016 the purpose of which was to enable him to purchase 15% of the issued share capital of Biopharma Dynamics Limited from Action-Sealtite Limited. Interest of 3.25% has been charged and the amount outstanding at the 31 December 2015 was £25,411. Action-Sealtite Limited are holding the shares in Trust until the loan has been repaid.

J Brennan resigned as a director on the 22 July 2016. The balance outstanding on the loan at the 31 December 2016 was reclassified and disclosed in other debtors.

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**19. RELATED PARTY DISCLOSURES**

During the year, the Company had the following transactions with related parties (all below companies are under common control):

Related party:	Type of transaction:	2017 £	2016 £
Alpeco Limited	Sales	494	872
	Purchases	-	620
Bell Flow Systems Limited	Sales	326	463
	Purchases	59	-
Biopharma Dynamics Limited	Sales	56,595	78,059
	Purchases	3,186	4,662
	Management charges received	17,818	10,886
Centre Tank Services Limited	Sales	32,338	25,689
	Purchases	11,084	9,447
Castle Pumps Limited	Sales	1,000	608
Industrial Flow Control Limited	Purchases	9,277	15,000
	Sales	20	-
Hytek (UK) Limited	Sales	10,688	11,764
	Purchases	7,506	7,890
Flowmax Limited	Purchases	46,608	13,573
	Sales	-	599
	Management charges paid	-	25,970
Mechtronic Limited	Sales	-	152

The balances outstanding at the end of the year were as follows:

Centre Tank Services Limited	Amount due (to)	7	(347)
Alpeco Limited	Amount due (to)	(300)	-
Hytek (UK) Limited	Amount due (to)/from	49	(430)
Mechtronic Limited	Amount due from	-	89
Biopharma Dynamics Limited	Amount due (to)/from	11,155	(16,840)

During the year dividends of £500,000 (2016: £600,000) were paid to related parties as follows:

Flowmax Limited	£450,000	(2016: £540,000)
P Robinson	£ 50,000	(2016: £60,000)

**20. AUDITORS INFORMATION**

The financial statements of the Company for the year ended 31 December 2017 were audited by James Cowper Kreston and an unqualified audit opinion was issued. The senior statutory auditor was James Pitt BA (Hons) ACA.